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Honorable Brian D. Lynch
Chapter 13
Hearing Location: Courtroom 1, 1717 Pacific
Ave, Ste 2100, Tacoma, WA
Hearing Date: Friday, June 12, 2019
Hearing Time: 1:30 p.m.
Response Date: June 5, 2019

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8 UNITED STATES BANKRUPTCY COURT
9 WESTERN DISTRICT OF WASHINGTON
10 AT SEATTLE

11 In re:

12 DIANE RENEE ERDMANN

13 Debtor.

Case No. 19-41238-BDL

DECLARATION OF MARK CALVERT IN
SUPPORT OF MOTION TO CONVERT CASE
TO CHAPTER 7

14 Mark Calvert declares as follows:

15 1. I am the Chapter 11 Trustee for Northwest Territorial Mint, LLC ("NWTM") in Case
16 No 16-11767-CMA, United States Bankruptcy Court for the Western District of Washington.

17 2. At the time of its bankruptcy filing, NWTM billed itself as the largest private mint in
18 the United States. As of April 1, 2016 it had approximately 240 employees located at facilities in six
19 states. NWTM's business operations included custom minting of medals and commemorative coins
20 as well as on-line and walk-in sales of precious metals and coins.

21 3. Diane Erdmann, the Debtor herein, is the long-term girlfriend of Ross Hansen, the
22 owner of NWTM. Since at least 2005, through the date of NWTM's bankruptcy filing in April,
23 2016, Diane Erdmann was in charge of NWTM's vault (the "NWTM Vault"), where her duties
24 included managing cash and bullion.
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DECLARATION OF MARK CALVERT IN SUPPORT OF
MOTION TO CONVERT.- 1

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1 4. During the period in which Diane Erdmann was in charge of the NWTM Vault, she
2 failed to maintain records that would allow one to track precious metal and other bullion held by
3 NWTM. Given this lack of record keeping, it would have been easy for someone with access to the
4 NWTM Vault to take precious metal.

5 5. As part of its business, NWTM offered storage services to customers, whereby
6 customers would pay a fee in exchange for NWTM agreeing to store their precious metal in its vault.
7 NWTM also entered into so-called “lease” agreements with certain customers, whereby NWTM was
8 authorized to use customer’s stored precious metal in its minting operations. In return, NWTM was
9 to replace the metal that it used with “like kind” metal, with interest. NWTM was required under the
10 terms of the lease agreements to keep sufficient precious metal inventory on-hand to fulfil its
11 obligations.

12 6. Following my appointment, I discovered that almost \$14 million in precious metal,
13 which should have been held by NWTM, was missing. I concluded that there was more than \$13.8
14 million in missing precious metal inventory including approximately \$5 million of missing storage
15 inventory, approximately \$5.4 million of missing leased metal inventory, approximately \$1.1 million
16 of inventory which was the consigned property of a custom metal customer, approximately \$540,000
17 of precious metal inventory provided by customers to complete custom orders, and approximately
18 \$1.8 million in missing gold which had been sent by a customer to NWTM’s Federal Way,
19 Washington facility in October, 2015 to be exchanged for Canadian gold maple leaf coins.

20 7. In August, 2012, Bradley Stephen Cohen and Cohen Asset Management Inc.
21 (collectively, “Cohen”) commenced a lawsuit in the United States District Court for the District of
22 Nevada, under case no. 12-01401 (the “Cohen Lawsuit”), naming Ross Hansen and NWTM as
23 defendants, asserting claims for defamation and invasion of privacy. On February 17, 2016, the jury
24 empaneled in the Cohen Lawsuit returned a verdict finding Ross Hansen, NWTM, and the other
25 defendants liable for damages. On March 1, 2016, judgment was entered against Ross Hansen in the
26 amount of \$25,500,000.

1 8. Cohen obtained a writ of execution in support of his enforcement of the judgment
2 against Ross Hansen and on April 27, 2016 caused the King County Sheriff to seize personal
3 property at Hansen's residence in Auburn, Washington including coins and bullion, computers,
4 collectibles and paper records (the "Seized Property"). The Seized Property was turned over to me
5 pursuant to court order, and I currently hold it.

6 I declare under the penalty of perjury under the laws of the State of Washington that the
7 foregoing is true and correct to the best of my knowledge.

8 EXECUTED this 8th day of May, 2019, at Seattle, Washington.

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11 /s/ Mark Calvert

12 Mark Calvert
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CERTIFICATE OF SERVICE

The undersigned declares as follows:

That she is a paralegal in the law firm of K&L Gates LLP, and on May 9, 2019, she caused the foregoing document to be filed electronically through the CM/ECF system which caused Registered Participants to be served by electronic means, as fully reflected on the Notice of Electronic Filing.

Also on May 9, 2019, she caused the foregoing document to be placed in the mail to the Parties at the addresses listed below:

Diane Renee Erdmann
PO Box 4024
Federal Way, WA 98063

I declare under penalty of perjury under the laws of the State of Washington and the United States that the foregoing is true and correct.

Executed on the 9th day of May, 2019 at Seattle, Washington.

/s/ Denise A. Lentz
Denise A. Lentz